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AUTHOR Luck, Michael F.
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ABSTRACT

Educational foundations for raising and allocating private funds have a legitimate place in the community college. They allow a college to chart its growth, anticipate emergencies, and meet the needs of all sectors of the institution. Foundations must utilize an active development program for planning and executing a conscious, continuous effort to increase financial resources. Such a development program would depend on students, alumni, foundation board members, college trustees, parents, and college staff to reach donors, through such means as personal solicitations, telethons, and mail appeals. Fund-raising should also include appeals to corporations, philanthropic foundations, local businessess, and should solicit gifts through bequests, trusts, and annuities. The foundation could be a shared venture of several colleges; its programs could include the leasing of its buildings to the colleges, endowment of teaching chairs, provision of student financial assistance, financing of equipment and facilities, and underwriting educational and community service programs. Organizational structure should include a Director of Development and a board of trustees or directors. (RT)

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EDUCATIONAL FOUNDATIONS

Alternative Development Strategies: Insurance for a Solvent Community College System

by

Dr. Michael F. Luck
Director of the Development Office
Massachusetts Institute of Technology

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For too long educators have been involved in rancorous debates over whether development belongs in the community college system. I believe that it does. Too many people have taken community colleges as a matter of course. Community colleges with all their mosaic images must strive for academic excellence to win supporters. Academic excellence not as a form of elitism, but rather as a method of maintaining institutional integrity. Community colleges during an age of mediocre educational systems can provide, in part, that which many other institutions are not successful at, i.e., an intensive learning environment for the basic social skills necessary for survival. Such an educational program would attract donors and students because the mission of the college seeks a sound educational opportunity and intellectual excellence. This intellectual excellence has as its essential trait competence. Few colleges can faithfully demonstrate that they release a proliferation of competent individuals upon society. Aside from the improvement of the basic curriculum, another problem facing community colleges is that the cost of going to college is increasingly rising.

The College Scholarship Service states that in 1977-78 the cost of commuting to a private college will be $3,680, whereas the cost for commuters to public two-year colleges will be $2,314. There has been a 101% increase since 1971

for commuters to two-year private colleges, as well as a large increase in the cost for commuters to public colleges. In addition, some of the most expensive public colleges are in the West. Administrative costs are rising, the public sector has reached its taxable limitation, public consumers are becoming very fussy about getting their dollar's worth, and more private institutions (both two-year and four-year) have closed in the past few years than in any other period. In fact a recent Change Magazine study on the financial state of higher education found nearly one half of all institutions of higher learning in an "unhealthy" or "relatively unhealthy" fiscal situation. Furthermore, the magazine stated that nearly two-thirds of all private institutions were in such a category.

Are there any ways to build quality educational programs for a solvent community college system? Yes - through an educational foundation which actively utilizes an outstanding development program that is institutionally supported.

Community colleges must cease being downtrodden second-class citizens. Those individuals who believe in the community college system must stop fulfilling the prophecy

that four-year institutions have led you to believe, i.e., you have no right to the philanthropic dollar. Those practicing the eleemosynary arts must bring the message to the public of a new and dynamic two-year college, and demand support. Community college personnel must educate the public to realize that accommodating the needs of the less prepared does not require a fundamental change in the nature of two-year institutions or of higher education. People learn at different rates of speed and in different ways. If community colleges can accommodate this intellectual quirk of the human mind, four-year institutions will become hard-pressed to compete.

This discussion leads to alternative development strategies which might be considered in establishing an effective development program that will ensure solvency, as well as provide dynamic and qualitative programmatic growth. The title of this discussion has been purposely labeled, "Alternative Development Strategies" to adapt to altitudinal tendencies, particular patterns of thought and basic polarities in community/junior college ideology.

The major issue is whether or not one should establish an educational foundation and what should be done with it. Arguments tend to crystallize around: 1) should public

community colleges try to raise private dollars and 2) where do private two-year institutions find sympathetic donors? Some implicit assumptions which have been learned regarding community colleges' acceptance of a fatalistic attitude towards fund raising are interesting. The following remarks were made by community college personnel when asked why they were not fund raising:

1. The people in charge of fund raising are inadequate or not responsive.
2. Competition with private institutions is too keen.
3. College trustees do not care.
4. We are satisfied doing nothing.
5. There is not enough money in the budget to support an effort to raise money.
6. We lack the staff needed to launch a development program.
7. Our community image is not viable.
8. Alumni do not respond to fund-raising appeals, and no one else does either.
9. We cannot raise funds because we do not have a foundation, administrative support, alumni interest, or a director of development.

There will always be those individuals who believe that community colleges should not solicit that which they have not earned nor deserve. Those people will be destined to worry indefinitely. None of their positions, in my view, offer a solution to the problem, or good reasoning. However, these excuses define the parameters of the issue.

What is fundamental to this discussion is finding one or more approaches which will actualize certain concepts as to what community college fund raising should be like. There is no theoretical paradigm, but only ideas based on intensive research surveys and years of study.

What is an educational foundation? It is an agency established by a college or an interested administrative body which is not-for-profit, and is for the sole benefit of raising and allocating private funds for use by the college.

Why should an institution have an educational foundation? The primary importance of operating a fund-raising program through a foundation is to enable a college to chart its growth, to anticipate emergencies, and to meet the legitimate considered needs of all parts of the institution. Such a program in a public or private community/junior college is merely to plan and execute a conscious, continuous effort to

increase a college's financial resources by utilizing a combination of the most effective techniques to produce results within a given period of time.

Over half of the junior/community colleges in the country do not have fund-raising programs. Of the colleges that do have development programs only half of them utilize not-for-profit foundations. Very few of the colleges with foundations have developed a fully effective and perfectly integrated developmental system. This is understandable. Many two-year institutions have only been in existence 10 to 15 years. With the attendant problems of accreditation, academic programs, staffing, student recruitment and finances, many of these institutions probably have not had the opportunity to investigate any form of fund raising.

However, it takes money to raise money. Very few community colleges commit anywhere near the amount of funding necessary to perform in a topflight fashion. Excluding salaries, most community colleges with fund-raising programs spend less than $2,500. Even salaries are low in comparison to the job which must be done.

A development foundation must utilize a wide constituency even if pragmatic funding is limited. A community

college must depend on students, foundation board members, college trustees, parents, and college staff to carry your message of need to the public. Almost three-fourths of all community colleges never use students for any fund-raising or related activity. However, students can be used as contacts to potential donors and can become a part of the foundation with students acting as trustees. It could be called the XYZ student foundation for scholarships. Even if income from minor projects is not large, the public relations value is immense. Many private colleges have been saved from financial disaster or closing by students rallying to the cause.

Most community colleges do not utilize the trustees of the institution. Trustees should be valuable contacts to corporations, foundations or the more philanthropic members of the community-at-large. They should be asked to solicit gifts and develop contacts. They are more important to fund raising than the foundation board members or students. As a matter of fact, almost half of the community colleges in the country with foundations do not use their foundation board members for fund raising. This is a tragic error. Foundation board members should be chosen specifically on their merits for bringing wide-ranging contacts to the development effort. If friends, college boosters with little clout, cronies of the administration or the like are selected, the developmental effort is already defeated.

Alumni must be used as a source of gifts to an educational foundation. However, less than half of the community colleges in the country keep active alumni rosters. Even fewer two-year institutions have initiated an alumni association. In fact, the community colleges involved with alumni work received less than an average total of $5,000 last year. This statistic is not surprising. Only 25% of the two-year institutions supposedly raising funds from alumni ever send any form of communique. People don't give if you don't ask. Most colleges that send communiques to alumni do so quarterly or semi-annually. Although this is true, the frequency of communication does not make any difference to total dollars raised -- what does make a difference is that the college inform, invite, and instruct alumni. Unfortunately, most community colleges only get responses from 1 to 3% of their alumni. This is a disastrous percentage. However, it does not show a lack of interest on the part of the alumni, but a lack of interest on the part of the college and development staff. The alumni may not give much but they will give if the case is presented properly. Development personnel must use personal solicitation (which is the best method, but only for reasonably good-sized gifts), telethons, and mail appeal. Most community colleges in fund raising use direct

mail. The accumulated gifts usually total less than $5,000 -- but most of the gifts average $10 or more. To be successful with direct mail, there must be a viable mailing list, and a quality mailing piece that is good in language, tone, design, and appeal. Only 25% of the two year institutions involved in fund raising use telethons to raise money. By utilizing telethons most colleges surveyed indicated an equally small response similar to that with direct mail, but most of the gifts averaged $50 or more.

Most community/junior colleges use personal solicitation as a device to raise money. Most raise between $10,000 to $20,000 in this manner.

Most colleges receive only $1,000 or less from parents. Therefore, the initiation of a Parents Fund is a good idea. It is surprising how many parents appreciate the fine education a son or daughter may be receiving and are willing to provide additional support to a college.

Most critically, two-year college fund raisers must attack vigorously corporations and philanthropic foundations. Almost 80% of the community colleges involved in fund raising received less than $10,000. This is a depressing figure. All local industries and businesses should be asked to

provide gifts to the institution whether public or private. Even if corporations do not employ your college's graduates, the students are providing the basis for a skilled community which the corporate sector should support. Do not forget matching gifts usually provided if their employees provide support to a college. Consideration should be given to establishing a college corporate liaison program whereby educators are brought to selected businesses to fulfill specific educational needs. Another thought is to run summer refresher courses, e.g., accounting, management practices or the skilled trades.

Almost 90% of all community colleges seeking philanthropic support received less than $10,000 in support from general welfare foundations. This, too, is a miserable figure. Many foundations look favorably upon new programs, activities on behalf of women or minorities, or challenge funds which help with fund raising. Most community colleges are probably located near special family foundations and corporate foundations interested in such causes.

Another source of support that most colleges ignore is the area of bequests, trusts, annuities or insurance. The older citizens in a community frequently have no heirs or institutions to capture their interest. Make these people

which patrons of the college and cultivate them for legacies that they can leave behind in perpetuity.

In actuality your development program should use the term Planned Giving, i.e., gifts during one's lifetime and a final gift at one's death that will allow an individual's spirit to live on helping the college and future students.

Also, community colleges should consider the possibility of forming joint educational foundations. For example, the formation of a singular not-for-profit agency to raise funds for several surrounding colleges has been done. This can be difficult if the missions of institutions are totally diverse. However, the central core of exciting programs that are practical will carry the message through to the general public. Some educational foundations hold meager funds collected by interested citizens in the community, while others administer funds received from state dog-track-racing tax receipts.

Some alternative ideas for how to use your foundation are:

1. Own certain facilities or land that is purchased or has been given to the foundation and lease them to the college.

2. Endow chairs, lectureships or faculty fellowships.
3. Provide student loans, grants-in-aid, or scholarships.
4. Provide funds for college facilities and equipment or operate some of the college's facilities.
5. Provide funds for educational programs, the acquisition of land or community service projects.

Who should head up a foundation? This individual should definitely be the Director of Development or the President of the College in the early stages. Some colleges for example, use the Dean of Students, Chairman of the Trustees of the College, Business Manager, or the Athletic Director. These are all unsuitable choices. Only one-third of the community colleges with foundations utilize an individual as head of their foundation and chief fund raiser. If budgets are tight both positions of Director of Development and Director of the Foundation are not needed unless your development enterprise is an exceptionally large one.

Almost all colleges with foundations have a foundation board of trustees or directors. This is critical due to their potential function as fund raisers and contacts to the philanthropic community. The number of board members should be somewhere between 5 and 12. This is a manageable size

and is reflected by the national averages. However, please note -- there should be sufficient college-affiliated representation on the board to influence decisions. This is not to say that civilian or community-based board volunteers cannot be trusted, but that more than one college foundation has been destroyed by good citizens with undefined ideas about education. All board members should have staggered one- to three-year terms. And most importantly, the foundation records must be kept separately from the college records.

How much should fund raisers be paid? Most two-year institutions pay their chief fund raisers between $15,000 and $35,000 annually. 20% pay $10,000 to $15,000 -- 40% pay $15,000 to $20,000 -- 20% pay $20,000 to $25,000 -- and a few $25,000 to $35,000. Most fund-raising operations have between one to three members (including secretaries) as part of the team.

Without faith in the development of community colleges, one may translate the words "most challenging" to read "most discouraging." Corporations, foundations, and individuals will always pratice "selective survival", i.e., narrowing their choices in order to contribute their monies to those institutions which, according to their standards will survive and grow. Donors of all types can always be accused of

elitism. They would probably plead guilty. But it is their choice. What development personnel must do is convince them that their institution is worthy of support. Don't fund raise or start an educational foundation with the excuse "we need the money." Talk about your school, its dreams, and what it is doing, because nobody ever bought a Buick because General Motors needed the money. Everybody is an expert deficit watcher. Funds will be allocated in the future to those institutions that tend toward preserving or strengthening the traditional in a dynamic fashion. The decision of whether community colleges should seek developmental resources through fund raising is an open one. The decision to establish an educational foundation to help accomplish this task is unanswered. However, like people and plants, an institution has a life cycle. It is either dying - or just being born. The challenge for qualitative survival is apparent, nevertheless, what should be one's praise or pride, but to imagine excellence and try to attain it.

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